

PRESS RELEASE
January 21, 2021
JD Bancshares, Inc.

FOR IMMEDIATE RELEASE
For more information contact:
Bruce Elder (CEO) (337-246-5399)
Paul Brummett (CFO) (337-824-1422)
Website: www.jdbank.com

**JD Bancshares, Inc. Reports Financial Results for Three and Twelve-Month
Periods Ended December 31, 2020**

Jennings, LA., January 21, 2021 (ACCESSWIRE) – JD Bancshares, Inc. (the “Company”), (OTCQX: JDVB), the parent holding company of JD Bank (the “Bank”), reports its unaudited financial results for the three and twelve-month periods ended December 31, 2020.

Net income is \$2,303,079 or \$1.48 per common share for the three-month period ended December 31, 2020 compared to \$1,693,921 or \$1.09 per common share for the linked quarter ended September 30, 2020 and \$2,090,006 or \$1.34 per share for the prior year quarter ended December 31, 2019. The economic uncertainty associated with both the COVID-19 pandemic and two major hurricanes hitting the southwest Louisiana region have resulted in larger loan loss provisions in 2020. For comparative purposes, pre-tax, pre-provision operating income provides greater insight into the financial performance of the Company. Pre-tax, pre-provision operating income for the current quarter is \$2,508,474 compared to \$2,637,056 for the linked quarter and \$2,773,357 for the comparative prior year quarter. Pre-tax, pre-provision operating income excludes taxes, provision for loan losses, net losses on the sale of other real estate owned, gains on the sale of investment securities and net gains on the disposal of fixed assets. The current quarter was adversely impacted by an increase in non-interest expenses that were partially offset by an increase in the recognition of Small Business Administration (SBA) Paychecks Protection Program (PPP) origination fees as a portion of our PPP loans have been forgiven.

For the twelve-month period ended December 31, 2020, net income was \$7,203,708 or \$4.62 per share compared to \$8,947,844 or \$5.74 per share for the prior year comparative period. Pre-tax, pre-provision operating earnings for the two comparative twelve-month periods was \$10,443,300 and \$11,171,187, respectively.

Bruce W. Elder, President & CEO commented, “In a year full of unprecedented occurrences which included a pandemic, two hurricanes and 50% deposit growth, the Company’s performance was certainly impacted by the uncertainty of the pandemic’s impact on asset quality, the lack of non-PPP loan demand and a flood of liquidity that is invested in very low interest yielding assets. Despite these challenges, the team has delivered respectable financial results. The primary cause of a \$1.7 million decline in year-over-year net earnings was an increase of \$2.0 million in provision for loan losses. Management believes enhancing the reserve for loan loss level during 2020 was the prudent thing to do given the circumstances.”

Elder continued by saying “We declared a 10% stock dividend on December 17, 2020, payable on January 4, 2021 to shareholders of record on December 28, 2020. The Board decided that going forward, the declaration and payment of cash dividends will be considered after the financial results of each quarter are known. Therefore, cash dividends, the amount of which are dependent on the level of quarterly earnings and anticipated capital needs of the Bank and Company, will be considered in January, April, July and October and paid in February, May, August and November.”

COVID-19 and Hurricane Laura Impact

The Bank made approximately 750 PPP loans totaling \$73.6 million. These loans are for terms ranging from two to five years and carry an interest rate of 1%. As of December 31, 2020, we had been repaid approximately \$12.9 million and had \$60.7 million in PPP loans outstanding. We received approximately \$2.4 million in net origination fees from the SBA, of which approximately \$555,000 were recognized as interest income during the

current quarter compared to \$254,000 in the linked quarter. For the twelve-months ended December 31, 2020, we had recognized approximately \$1,442,000 in PPP origination fees and the other \$973,000 will be recognized over the remaining life of the outstanding loans.

On December 27, 2020, the President signed into law the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act. The legislation provides additional relief to those who meet the eligibility requirements by offering loans through the nation's banking system at terms substantially similar to those offered since the SBA PPP program's inception. The Bank anticipates participating in the program and will therefore originate an additional group of loans earning a lower than market rate of interest, but with yield enhancing origination fees that will be earned over the life of those loans.

We assisted existing loan customers who experienced challenges as a result of the pandemic by extending 90 day payment deferrals to approximately 1,200 customers with loans totaling \$208.6 million. We approved a second 90 day deferral for less than 100 customers with loans totaling approximately \$25.6 million. The loans whose payments were deferred due to the COVID-19 pandemic have reached the end of the deferral period and any loans still experiencing payment issues are reflected in the past due numbers and percentages shown below in the Asset Quality narrative.

Hurricane Laura hit southwest Louisiana on August 27, 2020. The Bank provided relief by extending payment deferrals on approximately 670 loans totaling \$67.5 million. The majority of those extensions were made in September 2020 with payments due to resume in December. Seven of the original loans totaling \$359,000 have been extended a second time. As of December 31, 2020, there are 44 of the original 670 loans totaling \$5.4 million that are due for December, but are not yet 30 days past due and therefore not reflected in the figures discussed in the Asset Quality section below.

Asset Quality

Loans past due of 30 to 89 days at December 31, 2020 are \$1.3 million or 0.21% of the total loans outstanding compared to \$1.8 million or 0.28% of the total loan portfolio at September 30, 2020 and \$3.3 million or 0.52% of total loans reported at December 31, 2019. Total nonperforming assets, including loans on non-accrual status, other real estate owned (OREO) and repossessed assets are \$9.1 million at December 31, 2020 compared to \$8.7 million at December 31, 2019. Loans on non-accrual status at year-end 2020 increased to \$8.8 million from \$7.7 million at December 31, 2019. OREO decreased by \$665,000 to \$291,000 at December 31, 2020 from \$956,000 at comparative prior year-end. Management performs a quarterly evaluation of OREO properties and believes the adjusted carrying values are representative of their fair market values, although there is no assurance that the ultimate sales will be equal or greater than the carrying values.

The Bank recorded \$190,000 in provision for credit losses in current quarter compared to \$958,000 for the linked quarter and \$336,000 for the prior year quarter. The allowance for loan losses (ALLL) is \$8.6 million at December 31, 2020 or 1.36% of total loans compared to \$6.6 million at December 31, 2019 or 1.06% of total loans. Net charge offs are \$755,000 for 2020 compared to \$471,000 for the prior year comparative period. We believe the current level of our ALLL is adequate, but there is no assurance that regulators, increased risks in the loan portfolio, or changes in economic conditions will not require future adjustments to the ALLL.

Net Interest Income

Net interest income for the current quarter is \$8.4 million, an increase of \$146,000 compared to the \$8.3 million for the linked quarter, and is \$389,000 below the \$8.8 million reported for the prior year quarter ended December 31, 2019. The net interest margin for the current quarter was 3.19% and declined 42 basis points from 3.61% for the linked quarter and 131 basis points compared to 4.50% for the prior year quarter. The yield on earning assets for the current quarter is 3.63% compared to 4.11% and 5.11% for the two comparative periods, respectively. The cost of funds has declined to 0.43% for current period compared to 0.50% for Q3 2020 and 0.62% from the prior year quarter.

Net interest margins have been impacted all year by the lower interest rate environment, diminished loan demand outside of the PPP program and an unprecedented surge in deposit levels causing high levels of liquidity. We experienced an increase in deposits between September 30 and December 31 of \$203.4 million. On the loan side, we are receiving PPP loan forgiveness proceeds, experiencing payoffs from insurance proceeds for residential homes destroyed in the hurricanes and have paydowns on seasonal agriculture loans. All of this excess liquidity is being invested in interest-bearing deposit accounts with correspondent banks and low yielding investment securities. While there has been an incremental improvement in net interest income dollars compared with the linked quarter, the net interest margin has been negatively impacted.

For the twelve-month period ended December 31, 2020, net interest income is \$34.0 million, down \$1.1 million from \$35.1 million for the year-ended December 31, 2019. Net interest margin declined during the current twelve-month period to 3.90% from 4.49% for the prior year comparative period.

Non-Interest Income

Total non-interest income is \$3.0 million for the current three-month period compared to \$2.9 million for the linked quarter and \$2.4 million for the prior year quarter. Service charges and fees associated with deposit accounts grew to \$1.9 million from \$1.7 million for the linked quarter, and were \$82,000 more than the \$1.8 million recorded for the prior year quarter. While NSF fees continue to lag levels seen in the quarters of previous years, interchange revenue on debit card usage has grown significantly. Interchange revenue for the current quarter is \$1.1 million and reflects a \$187,000 or 21% increase over the linked quarter and a \$292,000 or 37% increase over the prior year comparative quarter.

Hurricanes Laura and Delta that hit several weeks apart, disrupted the residential real estate market in southwest Louisiana during the fourth quarter. Homes under contract that were damaged needed to be repaired and re-inspected prior to closing mortgage loans. Because of building material and labor scarcity, it did have an impact on our mortgage revenue for the three-months ended December 31, 2020. Gains from the sale of originated mortgage loans in the current quarter are \$249,000 compared to \$280,000 for the linked quarter and \$116,000 in the quarter ended December 31, 2019. Rates on mortgage loans remain at attractive levels and we believe as southwest Louisiana begins to recover from the hurricanes, demand for new residential housing construction and purchase will pick-up sharply.

Other non-interest income is \$893,000 for the current quarter compared to \$842,000 for the linked quarter and \$447,000 for the prior year quarter. Revenue from our Trust and Wealth Management Divisions were \$142,000 and \$139,000, respectively, reflecting increases over both the linked and prior year quarter results. Results for the current quarter includes a gain from disposal of fixed assets of \$454,000 and the third quarter 2020 results include a \$252,000 gain on the sale of investment securities. There were no non-recurring revenue items for the December 31, 2019 quarter.

Non-interest income for the twelve-month period ended December 31, 2020 was \$10.5 million, an increase of \$609,000 from the \$9.9 million reported for the comparative 2019 period. The uncertainty of the pandemic led to more cautious customer behaviors and reduced NSF fees and service charges by \$460,000 and \$94,000, respectively. These decreases were partially offset by a \$467,000 increase in debit card interchange income. Gain on the sale of originated mortgage loans was \$365,000 higher than 2019 due to a favorable interest rate environment and greater resources directed to that area of the Bank. Both periods include non-recurring gains on the sale of investment securities of \$252,000 for the current period and \$393,000 for the prior year period. Gains on the disposal of fixed assets are \$506,000 and \$25,000 for 2020 and 2019, respectively.

Non-Interest Expense

Total non-interest expense is \$8.5 million for the current quarter compared to \$8.3 million for linked quarter and \$8.4 million for the fourth quarter of 2019. Salary and benefits expense is the largest component of non-interest expenses and is \$4.5 million for the current and linked periods compared to \$4.4 million for Q4 2019. Current

quarter expenses includes a severance payment made to a former contractual employee who is no longer with the Company.

Occupancy expense has remained relatively stable at \$1.3 million for the current and linked quarters compared with \$1.5 million for the prior year quarter. Data processing expense is \$910,000 for the current quarter compared to \$899,000 for the linked quarter and \$815,000 from a year ago. The increase reflects greater account volume as well as additional products, services and enhancements. Marketing, business development and public relations expenses total \$362,000 in the current quarter compared to \$275,000 in the linked quarter and \$414,000 for the prior year quarter. Expenses for the current quarter reflect marketing associated with a new branch office located in New Iberia, LA and costs associated with our Christmas Club product. Other non-interest expenses were \$1.5 million for the current quarter compared to \$1.2 million for the linked quarter and \$1.3 million for the prior year quarter. The largest components of other non-interest expenses include professional fees, FDIC insurance premiums, telecommunication costs, and losses associated with fraud. Net losses on the sale of OREO are \$45,000, \$3,000 and \$1,000 for the three comparative periods, respectively.

Non-interest expenses for the twelve-month period ended December 31, 2020 are \$33.5 million, reflecting a \$210,000 decrease compared to \$33.7 million for the prior year. Decreases in occupancy, marketing and business development, amortization of core deposit intangibles, professional fees and travel were partially offset by increases in salary and employee benefits and data processing. Losses on the sale of OREO for the current and prior twelve-month periods are \$114,000 and \$221,000, respectively.

Income tax expense is \$424,000 for the current quarter compared to \$234,000 for the Q3 2020 and \$351,000 for Q4 2019. Pre-tax income in the current quarter was higher than the two comparative quarters. Income tax expense for 2020 is \$1.1 million with an effective rate of 13.82% compared to \$1.7 million and 16.11% for the prior year twelve-month period. The decrease in effective tax rate is primarily due to an increase in tax-exempt income from municipal securities and bank owned life insurance investments.

Balance Sheet

Total assets are \$1.3 billion at December 31, 2020, reflecting a \$402.7 million or 46% increase over the \$885.0 million at December 31, 2019. Categories experiencing the largest increases include interest-bearing deposits with banks up \$229.6 million, investment securities are up \$170.6 million and loans held for investment increased by \$9.5 million. After experiencing total asset growth in Q1 of \$29.4 million, total assets grew by \$112.8 million, \$53.6 million and \$206.9 million in Q2, Q3 and Q4, respectively. Growth in the second quarter of 2020 was primarily the result of stimulus from the government in the form of direct payments to individuals and families, as well as PPP loans to small businesses. Fourth quarter growth was due, in part, to insurance proceeds flowing into southwest Louisiana for hurricane damage sustained in the late summer and early fall. Property damage recovery efforts have been hindered by an undersupply of both labor and building materials. As recovery efforts progress, we believe the need for financing will begin to increase and provide opportunities for loan growth.

Total deposits are \$1.2 billion at December 31, 2020, reflecting a \$391.4 million or 51% increase over the \$772.1 million reported at year end 2019. Non-interest bearing demand deposits increased by \$179.9 million or 67% year over year. Balances in savings, interest-bearing demand, time and money market have increased by \$104.2 million, \$85.6 million, \$11.4 million, and \$10.3 million, respectively. While deposit growth was primarily attributable to stimulus and hurricanes, the Company experienced good growth in core, non-maturity deposits during the year. For 2020, we opened over 7,400 new non-maturity accounts with average opening balances of more than \$11,000.

Other liabilities increased by approximately \$1.4 million to \$25.5 million at December 31, 2020. The increase is primarily due to a larger deferred tax liability stemming from the unrealized gain on investment securities.

Stockholders' equity increased by \$9.8 million to \$98.7 million at December 31, 2020 from \$88.9 million at

December 31, 2019. The increase is primarily comprised of 2020 net income of \$7.2 million, plus the increase in other comprehensive income of \$5.3 million, less the dividends paid to common shareholders of \$2.8 million. The tangible equity to assets ratio decreased to 7.40% at December 31, 2020 from 9.46% at December 31, 2019 due to our significant asset growth. There were 1,558,757 common shares outstanding at December 31, 2020 and 1,560,000 shares outstanding at December 31, 2019. Tangible book value per common share increased to \$60.65 at December 31, 2020 compared to \$54.28 at December 31, 2019.

Key Performance Ratios

Return on average assets (ROA) improved in the current quarter to 0.76% compared to 0.65% for the linked quarter and 0.95% for prior year quarter. Return on average equity (ROE) is 10.16%, 7.33% and 9.89% for the three comparative quarters ended December 2020, September 2020 and December 2019, respectively. ROA and ROE for the twelve-month periods ended December 31, 2020 and 2019 were 0.72% and 1.02%, and 7.89% and 10.85%, respectively.

About JD Bancshares, Inc.

JD Bancshares, Inc. is the bank holding company of JD Bank, a state chartered bank headquartered in Jennings, Louisiana. JD Bank has been serving the citizens of southwest Louisiana since 1947 and offers a variety of personal and commercial lending and deposit products through both physical and digital delivery channels. The Bank also offers both trust and investment services. JD Bank operates through 22 full service branch offices located along the Interstate 10 corridor from Lake Charles to Lafayette, Louisiana. JD Bancshares, Inc. may be accessed on its website at www.jdbank.com/investor-relations.

JD Bancshares, Inc. (OTCQX: JDVB) trades on the OTCQX Best Market. Companies meet high financial standards, follow best practice corporate governance, demonstrate compliance with U.S. securities laws, and have a professional third-party sponsor introduction. Investors can find current financial disclosure and Real-Time Level 2 quotes for the Company on www.otcm Markets.com.

Forward-Looking Statements

Statements contained in this release, which are not historical facts, are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated due to a number of factors which include the effects of future economic conditions, governmental fiscal and monetary policies, legislative and regulatory changes, the risks of changes in interest rates, the effects of competition, and including without limitation to other factors that could cause actual results to differ materially as discussed in documents filed by the Company with the Securities and Exchange Commission from time to time.

(More)

(OTCQX: JDVB)

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	Actual Dec 2020	Actual Dec 2019	\$ Variance	% Variance
Assets				
Cash and due from banks	23,526,805	30,370,742	(6,843,937)	(22.5)
Interest bearing deposits with banks	241,606,805	11,982,637	229,624,168	1,916.3
Investment Securities - Taxable	218,990,753	69,127,279	149,863,474	216.8
Investment Securities - Tax-exempt	121,492,318	100,803,434	20,688,884	20.5
Mortgage loans held for sale	918,649	1,041,433	(122,784)	(11.8)
Loans, net of unearned income	630,199,440	620,734,159	9,465,281	1.5
Less: Allowance for loan losses	(8,583,238)	(6,609,790)	(1,973,448)	(29.9)
Premises and equipment, net	23,130,055	24,335,806	(1,205,751)	(5.0)
Accrued interest receivable	4,837,067	3,456,611	1,380,456	39.9
Other real estate	290,700	955,977	(665,277)	(69.6)
Other assets	31,351,043	28,850,470	2,500,573	8.7
Total Assets	1,287,760,397	885,048,756	402,711,640	45.5
Liabilities				
Non-Interest Bearing Deposits	448,228,877	268,308,603	179,920,274	67.1
Interest bearing demand deposits	244,337,657	158,753,030	85,584,627	53.9
Savings and Money Market Deposits	345,297,866	230,802,149	114,495,716	49.6
Time Deposits - Retail	125,681,460	114,239,259	11,442,201	10.0
Total Deposits	1,163,545,860	772,103,042	391,442,819	50.7
Accrued expenses and other liabilities	4,962,953	3,582,138	1,380,816	38.5
FHLB Advances	2,763,431	3,011,367	(247,937)	(8.2)
Other Borrowings	17,768,330	17,490,445	277,885	1.6
Total Liabilities	1,189,040,574	796,186,992	392,853,583	49.3
Equity				
Common stock	9,742,231	9,750,000	(7,769)	(0.1)
Capital surplus	3,790,069	3,598,000	192,069	5.3
Retained earnings	71,579,869	65,644,694	5,935,175	9.0
Accumulated other comprehensive income (loss)	6,606,445	1,270,276	5,336,168	420.1
Less: Notes Receivable common stock	(202,500)	(349,050)	146,550	42.0
Net Income	7,203,708	8,947,844	(1,744,136)	(19.5)
Total Equity	98,719,822	88,861,765	9,858,058	11.1
Total Liabilities & Equity	1,287,760,397	885,048,756	402,711,640	45.5

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	QTD Actual Dec 2020	QTD Actual Sep 2020	\$ Variance	% Variance	QTD Actual Dec 2019	\$ Variance	% Variance
Interest Income							
Interest on Loans	8,329,343	8,216,991	112,351	1.4	8,760,270	(430,927)	(4.9)
Mortgage Loans Held For Sale	9,441	12,876	(3,435)	(26.7)	5,833	3,608	61.9
Interest on deposits with banks	51,956	77,917	(25,961)	(33.3)	170,695	(118,739)	(69.6)
Investment Securities - Taxable	507,798	462,296	45,502	9.8	372,304	135,493	36.4
Investment Securities - Tax-exempt	735,946	698,208	37,738	5.4	751,889	(15,943)	(2.1)
Total Interest Income	9,634,483	9,468,288	166,195	1.8	10,060,991	(426,508)	(4.2)
Interest Expense							
Interest bearing demand deposits	248,121	219,666	28,455	13.0	233,893	14,228	6.1
Savings and Money Market Deposits	178,807	164,187	14,620	8.9	208,191	(29,384)	(14.1)
Time Deposits - Retail	396,605	420,346	(23,741)	(5.6)	447,580	(50,976)	(11.4)
Total Interest Expense on Deposits	823,533	804,199	19,334	2.4	889,664	(66,132)	(7.4)
FHLB Advances	30,655	29,887	768	2.6	32,041	(1,386)	(4.3)
Interest on other borrowings	338,674	338,534	140	-	308,784	29,890	9.7
Total Interest Expense	1,192,862	1,172,621	20,241	1.7	1,230,489	(37,627)	(3.1)
Net Interest Income	8,441,622	8,295,668	145,954	1.8	8,830,502	(388,880)	(4.4)
Provision for loan losses	190,000	958,000	(768,000)	(80.2)	336,425	(146,425)	(43.5)
Net In. Inc. After Prov. for Loan Losses	8,251,622	7,337,668	913,954	12.5	8,494,077	(242,455)	(2.9)
Non Interest Income							
Service charges and fees	1,871,350	1,732,995	138,355	8.0	1,789,567	81,783	4.6
Mortgage loan and related fees	249,131	280,115	(30,984)	(11.1)	115,936	133,195	114.9
Other noninterest income	893,455	841,934	51,521	6.1	447,383	446,072	99.7
Total Non Interest Income	3,013,936	2,855,043	158,892	5.6	2,352,886	661,050	28.1
Non Interest Expense							
Salaries and employee benefits	4,467,426	4,543,931	(76,505)	(1.7)	4,359,527	107,899	2.5
Occupancy	1,329,177	1,321,475	7,702	0.6	1,509,467	(180,290)	(11.9)
Advertising and public relations	362,350	274,592	87,758	32.0	413,783	(51,433)	(12.4)
Data Processing	909,798	899,379	10,419	1.2	814,835	94,963	11.7
Other noninterest expense	1,469,362	1,225,544	243,818	19.9	1,308,835	160,527	12.3
Total Non Interest Expense	8,538,113	8,264,921	273,192	3.3	8,406,447	131,666	1.6
Income Before Taxes	2,727,444	1,927,790	799,654	41.5	2,440,515	286,929	11.8
Income taxes	424,365	233,869	190,496	81.5	350,509	73,856	21.1
Net Income	2,303,079	1,693,921	609,158	36.0	2,090,006	213,073	10.2

Per common share data:

Earnings	\$ 1.48	\$ 1.09	\$ 1.34
Weighted average number of shares outstanding	1,559,810	1,560,000	1,559,156

JD BANCSHARES, INC. AND SUBSIDIARIES
JENNINGS, LOUISIANA

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	YTD Actual Dec 2020	YTD Actual Dec 2019	\$ Variance	% Variance
Interest Income				
Interest on Loans	33,919,387	34,729,829	(810,443)	(2.3)
Mortgage Loans Held For Sale	35,769	21,633	14,137	65.3
Funds Transfer Interest	-	98	(98)	(100.0)
Interest on deposits with banks	274,095	771,517	(497,422)	(64.5)
Investment Securities - Taxable	1,829,762	2,054,132	(224,370)	(10.9)
Investment Securities - Tax-exempt	2,863,868	2,381,914	481,954	20.2
Total Interest Income	38,922,881	39,959,123	(1,036,242)	(2.6)
Interest Expense				
Interest bearing demand deposits	911,878	931,466	(19,588)	(2.1)
Savings and Money Market Deposits	728,528	760,719	(32,191)	(4.2)
Time Deposits - Retail	1,742,962	1,515,533	227,429	15.0
Total Interest Expense on Deposits	3,383,368	3,207,717	175,651	5.5
FHLB Advances	151,948	382,205	(230,257)	(60.2)
Interest on other borrowings	1,348,658	1,236,055	112,603	9.1
Total Interest Expense	4,883,973	4,825,977	57,997	1.2
Net Interest Income	34,038,908	35,133,146	(1,094,238)	(3.1)
Provision for loan losses	2,728,000	696,425	2,031,575	291.7
Net In. Inc. After Prov. for Loan Losses	31,310,908	34,436,722	(3,125,813)	(9.1)
Non Interest Income				
Service charges and fees	6,950,118	7,034,024	(83,906)	(1.2)
Mortgage loan and related fees	929,815	565,132	364,682	64.5
Other noninterest income	2,639,137	2,311,065	328,071	14.2
Total Non Interest Income	10,519,069	9,910,221	608,847	6.1
Non Interest Expense				
Salaries and employee benefits	18,171,519	18,120,719	50,800	0.3
Occupancy	5,212,760	5,497,242	(284,482)	(5.2)
Advertising and public relations	1,353,780	1,687,226	(333,446)	(19.8)
Data Processing	3,684,994	3,084,244	600,750	19.5
Other noninterest expense	5,047,609	5,291,135	(243,526)	(4.6)
Total Non Interest Expense	33,470,662	33,680,566	(209,903)	(0.6)
Income Before Taxes	8,359,315	10,666,377	(2,307,063)	(21.6)
Income taxes	1,155,606	1,718,533	(562,927)	(32.8)
Net Income	7,203,708	8,947,844	(1,744,136)	(19.5)

Per common share data:

Earnings	\$ 4.62	\$ 5.74
Weighted average number of shares outstanding	1,559,952	1,559,156

JD BANCSHARES, INC. AND SUBSIDIARIES

Margin Analysis Compare

	Average Yield and Rate			Average Funds			Interest Income/Expense		
	QTD	QTD	Change	QTD	QTD	Change	QTD	QTD	Change
	Actual	Actual		Actual	Actual		Actual	Actual	
	Dec 2020	Sep 2020		Dec 2020	Sep 2020		Dec 2020	Sep 2020	
Earning Assets									
Loans	5.12	4.93	0.19	647,367,342	663,035,980	(15,668,638)	8,329,343	8,216,991	112,351
Loan fees	-	-	-	-	-	-	-	-	-
Loans with fees	5.12	4.93	0.19	647,367,342	663,035,980	(15,668,638)	8,329,343	8,216,991	112,351
Mortgage loans held for sale	3.05	3.20	(0.15)	1,238,141	1,609,449	(371,308)	9,441	12,876	(3,435)
Deposits with banks	0.13	0.44	(0.31)	164,779,741	70,630,360	94,149,381	51,956	77,917	(25,961)
Investment securities - taxable	1.28	1.79	(0.51)	158,431,627	103,530,798	54,900,829	507,798	462,296	45,502
Investment securities - tax-exempt	3.51	3.68	(0.17)	106,214,538	96,064,395	10,150,143	735,946	698,208	37,738
Total Earning Assets	3.63	4.11	(0.48)	1,078,031,390	934,870,983	143,160,406	9,634,483	9,468,288	166,195
Interest bearing liabilities									
Interest bearing demand	0.47	0.52	(0.05)	212,156,507	167,885,293	44,271,214	248,121	219,666	28,455
Savings and Money Market	0.22	0.23	(0.01)	325,458,543	280,009,740	45,448,803	178,807	164,187	14,620
Time deposits - Retail	1.28	1.40	(0.12)	122,874,110	119,330,425	3,543,685	396,605	420,346	(23,741)
Total interest bearing deposits	0.50	0.56	(0.06)	660,489,160	567,225,457	93,263,702	823,533	804,199	19,334
Federal home Loan Bank advances	4.30	4.10	0.20	2,786,576	2,854,283	(67,707)	30,655	29,887	768
Other borrowings	7.49	7.53	(0.04)	17,701,345	17,580,872	120,473	338,674	338,534	140
Total borrowed funds	7.05	7.05	-	20,487,921	20,435,155	52,766	369,329	368,421	908
Total interest-bearing liabilities	0.69	0.79	(0.10)	680,977,080	587,660,612	93,316,468	1,192,862	1,172,621	20,241
Net interest rate spread	2.94	3.32	(0.38)				8,441,622	8,295,668	145,954
Effect of non-interest bearing deposits	(0.26)	(0.29)	0.03	418,451,260	346,974,631	71,476,629			
Cost of funds	0.43	0.50	(0.07)						
Net interest margin	3.19	3.61	(0.42)						

JD BANCSHARES, INC. AND SUBSIDIARIES

Margin Analysis Compare

	Average Yield and Rate			Average Funds			Interest Income/Expense		
	QTD	QTD	Change	QTD	QTD	Change	QTD	QTD	Change
	Actual	Actual		Actual	Actual		Actual	Dec 2020	
	Dec 2020	Dec 2019		Dec 2020	Dec 2019		Dec 2020	Dec 2019	
Earning Assets									
Loans	5.12	5.60	(0.48)	647,367,342	620,862,377	26,504,965	8,329,343	8,760,270	(430,927)
Loan fees	-	-	-	-	-	-	-	-	-
Loans with fees	5.12	5.60	(0.48)	647,367,342	620,862,377	26,504,965	8,329,343	8,760,270	(430,927)
Mortgage loans held for sale	3.05	3.22	(0.17)	1,238,141	723,689	514,452	9,441	5,833	3,608
Deposits with banks	0.13	3.00	(2.87)	164,779,741	22,563,308	142,216,434	51,956	170,695	(118,739)
Investment securities - taxable	1.28	2.85	(1.57)	158,431,627	52,199,230	106,232,397	507,798	372,304	135,493
Investment securities - tax-exempt	3.51	3.76	(0.25)	106,214,538	101,159,303	5,055,235	735,946	751,889	(15,943)
Total Earning Assets	3.63	5.11	(1.48)	1,078,031,390	797,507,906	280,523,484	9,634,483	10,060,991	(426,508)
Interest bearing liabilities									
Interest bearing demand	0.47	0.63	(0.16)	212,156,507	146,401,114	65,755,393	248,121	233,893	14,228
Savings and Money Market	0.22	0.36	(0.14)	325,458,543	230,363,814	95,094,729	178,807	208,191	(29,384)
Time deposits - Retail	1.28	1.55	(0.27)	122,874,110	114,297,512	8,576,598	396,605	447,580	(50,976)
Total interest bearing deposits	0.50	0.72	(0.22)	660,489,160	491,062,439	169,426,721	823,533	889,664	(66,132)
Federal home Loan Bank advances	4.30	4.12	0.18	2,786,576	3,041,590	(255,014)	30,655	32,041	(1,386)
Other borrowings	7.49	6.86	0.63	17,701,345	17,618,871	82,474	338,674	308,784	29,890
Total borrowed funds	7.05	6.46	0.59	20,487,921	20,660,461	(172,540)	369,329	340,825	28,504
Total interest-bearing liabilities	0.69	0.95	(0.26)	680,977,080	511,722,900	169,254,180	1,192,862	1,230,489	(37,627)
Net interest rate spread	2.94	4.16	(1.22)				8,441,622	8,830,502	(388,880)
Effect of non-interest bearing deposits	(0.26)	(0.33)	0.07	418,451,260	272,302,858	146,148,402			
Cost of funds	0.43	0.62	(0.19)						
Net interest margin	3.19	4.50	(1.31)						

JD BANCSHARES, INC. AND SUBSIDIARIES

Margin Analysis Compare

	Average Yield and Rate			Average Funds			Interest Income/Expense		
	YTD	YTD	Change	YTD	YTD	Change	YTD	YTD	Change
	Actual	Actual		Actual	Actual		Actual	Actual	
	Dec 2020	Dec 2019		Dec 2020	Dec 2019		Dec 2020	Dec 2019	
Earning Assets									
Loans	5.44	5.59	(0.15)	623,601,364	621,082,474	2,518,890	33,919,387	34,729,829	(810,443)
Loan fees	-	-	-	-	-	-	-	98	(98)
Loans with fees	5.44	5.59	(0.15)	623,601,364	621,082,474	2,518,890	33,919,387	34,729,928	(810,541)
Mortgage loans held for sale	3.04	3.96	(0.92)	1,175,155	545,893	629,262	35,769	21,633	14,137
Deposits with banks	0.36	2.96	(2.60)	76,803,821	26,035,150	50,768,671	274,095	771,517	(497,422)
Investment securities - taxable	1.89	2.81	(0.92)	96,704,529	73,116,159	23,588,371	1,829,762	2,054,132	(224,370)
Investment securities - tax-exempt	3.80	4.00	(0.20)	95,469,025	75,463,086	20,005,939	2,863,868	2,381,914	481,954
Total Earning Assets	4.44	5.10	(0.66)	893,753,895	796,242,761	97,511,134	38,922,881	39,959,123	(1,036,242)
Interest bearing liabilities									
Interest bearing demand	0.54	0.64	(0.10)	169,288,817	146,335,592	22,953,225	911,878	931,466	(19,588)
Savings and Money Market	0.27	0.33	(0.06)	268,445,621	228,037,466	40,408,156	728,528	760,719	(32,191)
Time deposits - Retail	1.53	1.33	0.20	113,927,221	113,721,702	205,519	1,742,962	1,515,533	227,429
Time Deposits - Wholesale	-	-	-	-	(74)	74	-	-	-
Total interest bearing deposits	0.61	0.66	(0.05)	551,661,659	488,094,685	63,566,974	3,383,368	3,207,717	175,651
Federal home Loan Bank advances	2.36	2.87	(0.51)	6,320,114	13,156,295	(6,836,181)	151,948	382,205	(230,257)
Other borrowings	7.55	6.90	0.65	17,566,949	17,661,093	(94,144)	1,348,658	1,236,055	112,603
Total borrowed funds	6.18	5.18	1.00	23,887,063	30,817,388	(6,930,325)	1,500,605	1,618,260	(117,654)
Total interest-bearing liabilities	0.84	0.93	(0.08)	575,548,723	518,912,074	56,636,649	4,883,973	4,825,977	57,997
Net interest rate spread	3.60	4.17	(0.58)						
Effect of non-interest bearing deposits	(0.30)	(0.32)	0.01	327,129,838	265,386,375	61,743,463			
Cost of funds	0.54	0.61	(0.07)						
Net interest margin	3.90	4.49	(0.60)						

JD BANCSHARES, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION

Financial Ratios

	For the Qtr Ended December 31, 2020	For the Qtr Ended September 30, 2020	For the Qtr Ended December 31, 2019	For the Twelve Months Ended December 31, 2020	For the Twelve Months Ended December 31, 2019
Performance Ratios					
Return on Average Assets	0.76%	0.65%	0.95%	0.72%	1.02%
Return on Average Equity	10.16%	7.33%	9.89%	7.89%	10.85%
Earnings per Share	\$ 1.48	\$ 1.09	\$ 1.34	\$ 4.62	\$ 5.74
Net Interest Margin	3.19%	3.61%	4.50%	3.90%	4.49%
Efficiency Ratio **	73.28%	74.56%	73.87%	74.27%	74.37%
Non-Interest Income as a % of Avg. Assets**	1.00%	1.00%	1.12%	1.03%	1.06%
Non-Interest Expense as a % of Avg. Assets	3.18%	3.18%	3.90%	3.59%	3.87%

	As of December 31, 2020	As of December 31, 2019
Capital		
Tier 1 Leverage Ratio	7.42%	9.51%
Common Equity Tier 1 Ratio	12.46%	13.04%
Tier 1 Risk-Based Capital Ratio	12.46%	13.04%
Total Risk-Based Capital Ratio	13.67%	14.07%
Tangible Equity / Total Assets	7.40%	9.46%
Tangible Book Value per Share	\$60.65	\$54.28

Reconciliation of GAAP to Pre-tax, Pre-Provision Operating Income:

	For the Qtr Ended December 31, 2020	For the Qtr Ended September 30, 2020	For the Qtr Ended December 31, 2019	For the Twelve Months Ended December 31, 2020	For the Twelve Months Ended December 31, 2019
Net Income (GAAP)	\$ 2,303,079	\$ 1,693,921	\$ 2,090,006	\$ 7,203,708	\$ 8,947,844
Provision for Loan Losses	190,000	958,000	336,425	2,728,000	696,425
Net Loss on OREO	45,300	3,223	1,412	114,332	221,455
Gain on Casualty Loss	(454,270)	-	(4,995)	(506,389)	(24,672)
Less: Net Gain on Securities	-	(251,957)	-	(251,957)	(388,398)
Income Tax Expense	424,365	233,869	350,509	1,155,606	1,718,533
Pre-tax, Pre-Provision Operating Income	<u>\$ 2,508,474</u>	<u>\$ 2,637,056</u>	<u>\$ 2,773,357</u>	<u>\$ 10,443,300</u>	<u>\$ 11,171,187</u>

** Non-recurring items are eliminated for this ratio